

# MISSISSIPPI INDIVIDUAL INCOME TAX CHECKLIST

OCTOBER 2008

Please use this checklist as a quick reference to taxable and deductible items for STATE income tax purposes. There might be some differences in the treatment of these items for federal tax purposes, be careful. If you have any questions or suggestions, please contact the Income Tax Bureau. Updates will be distributed as they are needed

**INCOME ITEMS**

Every subject listed below is a type of income received by an individual taxpayer. This income could be in the form of cash or other non-cash items, such as non-cash prizes. This table is only true for state income tax purposes. Note: "T" denotes that the item is "Taxable" and is required to be included in gross income. "NT" denotes that the item is "Not Taxable" and may be excluded from gross income. You must look to the state income tax forms to determine where this income is to be reported.

**-A-**

Advances .....	T
Agreements not to compete .....	T
Agricultural program subsidies .....	T
Alimony .....	T
Allowances for dependents of military .....	NT
Amounts withheld from wages .....	T
Annuities - after retirement .....	NT
Annuities - before retirement .....	T
Annuities - Railroad retirement .....	NT
Armed Forces pay .....	T
Awards and prizes - cash or FMV of non-cash .....	T

**-B-**

Back pay .....	T
Baptismal offerings .....	T
Bartering .....	T
Benefits under veterans' acts .....	NT
Bequests and devises .....	NT
Bonuses .....	T
Bribes .....	T
Business profits .....	T

**-C-**

Cancellation of debts - see attached .....	T
Capital gains .....	T
Certificate of Deposit - interest .....	T
Child support .....	NT
Clergy fees .....	T
Clergy - home allowance .....	NT
Combat or hazardous duty pay - military .....	NT
Commissions .....	T
Compensation .....	T
Constructively received income .....	T

Contest awards or prizes .....	T
Contractors - bonus for completion of contract .....	T

**-D-**

Damages recovered for physical injury .....	NT
Devises and bequests .....	NT
Directors' fees .....	T
Disability payments - employer paid premiums .....	T
Disability payments - taxpayer paid premiums .....	NT
Dividends .....	T

**-E-**

Election official pay .....	T
Embezzlement proceeds .....	T
Endowment policy benefits .....	T
Executor's fees .....	T
Expense reimbursements - non-deductible expenses .....	T
Expense reimbursements - over standard rates .....	T
Extortion proceeds .....	T

**-F-**

Farm income .....	T
Farm subsidies .....	T
Federal Social Security Act benefits .....	NT
Fellowship grants - generally .....	NT
Fiduciary fees .....	T
Foster care payments .....	NT

**-G-**

G. I. Bill benefits .....	NT
Gain from property sale .....	T
Gambling winnings – Mississippi casino .....	NT
Gambling winnings – non Mississippi casino .....	T
Gifts - cash .....	T
Gifts - income from .....	T
Government subsidies .....	T
Group term life insurance - paid by employer over \$50,000 .....	T

**-H-**

Hazardous duty pay - military .....	NT
Health insurance premium paid by employer .....	NT
Health Savings Account – qualified expenses .....	NT

Health Savings Account – non qualified withdrawals .....	T
Hobby income .....	T

**-I-**

Illegal transactions .....	T
Illness - employee compensation .....	T
Income assigned to another .....	T
Income tax refunds - federal .....	NT
Income tax refunds - state .....	NT
Inheritance .....	NT
Inheritance - income from .....	T
Installment sales .....	T
Insurance - lost income .....	T
Insurance - non-physical awards .....	T
Insurance - physical awards .....	NT
Insurance – property damage .....	NT
Insurance - punitive awards .....	T
Interest - insurance awards .....	T
Interest - Mississippi obligations .....	NT
Interest - other state obligations .....	T
Interest - savings account .....	T
Interest - tax refunds .....	T
Interest - U. S. Government obligations .....	NT
Interest - Certificate of Deposits .....	T

**-J-**

Jury pay .....	T
Jury pay given to employer .....	NT

**-K-****-L-**

Life Insurance proceeds .....	NT
Livestock sold .....	T
Living quarters and meals - compensation .....	T
Living quarters and meals - convenience of employer .....	NT
Lodging furnished - convenience of employer .....	NT
Lottery income .....	T

**-M-**

Marriage fees received by clergy .....	T
--	---

Marriage settlement - property settlement .....	NT
Meals - convenience of employer .....	NT
Military disability payments .....	NT
Military Reserve pay .....	T
Moving expense reimbursement .....	T
Mutual fund dividends .....	T

**-N-**

National Guard pay see adjustment to income .....	T
Notary public fees .....	T

**-O-**

Old age benefits - Social Security .....	NT
Overtime pay .....	T

**-P-**

Parsonage rental allowance .....	NT
Partnership income .....	T
Pensions .....	NT
Per diem allowances to military .....	NT
Prizes .....	T
Proceeds from life insurance .....	NT
Produce consumed by farmer and family .....	NT
Profit from sales of property .....	T

**-Q-**

Qualified Disaster Relief Payments .....	NT
--	----

**-R-**

Railroad Retirement Act benefits .....	NT
Recovery of expenses previously deducted .....	T
Recovery of losses previously deducted .....	T
Reenlistment bonus military .....	T
Refund of state income taxes previously deducted .....	NT
Rents .....	T
Retirement income – normal distributions .....	NT
Retirement income – early distributions .....	T
Royalties .....	T

**-S-**

Salaries .....	T
Sale of stock – MS corporation .....	NT

Sale of stock – non MS corp .....	T
Scholarship grants –tuition and fees .....	NT
Scholarship grants – room and board .....	T
Service pay military .....	T
Settlements for back pay .....	T
Severance pay .....	T
Sick pay .....	T
Social Security benefits .....	NT
Stipends .....	T
Support payments - alimony .....	T
Survivor's benefits Social Security .....	NT

**-T-**

Tax refund .....	T
Taxes of employee paid by employer .....	T
Tips .....	T
Tuition under Educational Assistance Programs .....	NT

**-U-**

Unemployment compensation .....	T
Uniform allowance military .....	NT
Unlawful gains or income .....	T

**-V-**

Vacation pay .....	T
Veteran's disability pensions .....	NT
Veterans' retirement pay .....	NT

**-W-**

Wagering income .....	T
Wages .....	T
Worker's compensation .....	NT

**-X-****-Y-****-Z-**

**ADJUSTMENTS TO GROSS INCOME**

Every subject listed below is some type of adjustment to gross income of an individual taxpayer or you could say exclusion to gross income. These adjustments are to be deducted from the gross income of a taxpayer and are similar to federal adjustments to gross income. This table is only true for state income tax purposes. These adjustments should be reported on page 2 of the resident and non-resident forms

**Line 47    Payments to an IRA and/or a SEPs**

IRA contributions must be made by return due date – no extensions. Contributions to Roth IRAs are not included in the adjustments. The maximum contribution for 2008 is \$5,000 per taxpayer, \$10,000 for Married Filing Joint returns. If the taxpayer turns 50 before the end of the year, the maximum contribution is increased by \$1,000. This limit applies to traditional IRAs and Roth IRAs together – a taxpayer who contributes \$2,000 to a Roth IRA can only contribute \$3,000 to a traditional IRA and vice versa. If a taxpayer is not an active participant in an employer plan, the entire amount contributed to traditional IRAs is deductible. For married taxpayers, the entire amount is deductible if neither spouse is an active participant. If taxpayer or spouse is an active participant, contributions to a traditional IRA may not be fully deductible. Box 15 on the W2 (“Pension Plan”) should be checked if the employee is an active participant.

**Line 48    Payments to KEOGHs (HR10) Retirement Plan**

Enter deductible contributions to a Keogh plan made for the benefit of a self-employed taxpayer or partner. Contributions made for the benefit of the employees of the taxpayer are deducted on Schedule C or F.

**Line 49    Interest Penalty on Early Withdrawal of Savings**

Enter penalty from 1099-INT or 1099-OID for early withdrawal of savings or certificates. Do not deduct figure from reportable interest on Schedule B.

**Line 50    Alimony Paid    SSN of Recipient and State of Recipient**

Include the recipient's Social Security number. If the taxpayer made alimony payments to more than one person, enter one SSN and attach a statement listing the numbers of the other alimony recipients. To be deductible, alimony or separate maintenance payments must be required by a divorce or separation instrument and must meet several other requirements. Child support, property settlements, and voluntary payments are not deductible alimony.

**Line 51 Moving Expenses (Attach Federal Form 3903 or 3903F.)**

Form 3903 is filed to deduct qualified moving expenses that were not reimbursed by an employer or to deduct qualified expenses in excess of any amount reimbursed. Deductible moving expenses include costs of moving household goods and personal effects (including in-transit or foreign-move storage expenses), and travel expenses (including lodging but not meals) for one trip by the taxpayer and each member of the household. Household members do not have to travel together or at the same time. The standard mileage rate is 20¢ per mile, plus parking and tolls. There are no dollar limits on the amount of deductible moving expenses. The new job site must be 50 miles farther from old residence to old job.

**Line 52 First \$15,000 of National Guard Reserve Pay**

Enter the lesser of the National Guard or Reserve pay or the \$15,000 Statutory Exclusion per taxpayer. Compensation which qualifies for exclusion is that received for inactive duty training (monthly or special drills or meetings), active duty training (summer camps, special schools, cruises), and for state active duty (emergency duty). Full-time National Guard pay is not allowed an exclusion. Report full-time National Guard or Reserve pay on Line 15. Prior to 2005, the exclusion was limited to \$5,000

**Line 53 Mississippi Prepaid Affordable College Tuition (MPACT) or Mississippi Affordable College Savings (MACS)**

Enter the prepaid tuition contract (MPACT) costs you paid during the calendar year to the Mississippi Treasury Department on behalf of a student beneficiary and/or the amount contributed to a MACS program account on behalf of a qualified beneficiary. Under the MACS Program, the maximum annual contribution deductions are \$20,000 for joint filers and \$10,000 for single and other filers. Contributions must be made on or before the due date of the return – no extensions.

**Line 54 Self-Employed Health Insurance Premiums**

A self-employed individual or S corporation shareholder may deduct 100% of health insurance premiums paid for taxpayer, spouse, and dependents. Premiums paid in any month that the taxpayer or spouse is eligible to participate in an employer-subsidized health plan cannot be included. Long-term care insurance premiums can be included up to the dollar limitation for the insured's age. The deduction is the lesser of the health insurance premiums or income earned from business. Income earned from business is generally net profit from Schedule C minus the deductions on Line 48. An S corporation shareholder's deduction is limited to wages received from the S corporation.

**Line 55 Health Savings Account Deduction**

Enter the amount deposited, and any interest accrued, that is part of a Health Savings Account (HSA). These accounts are available to eligible individuals that are covered by a high deductible health plan individually or with dependents. The individual can not be covered under another health plan that is not a high deductible health plan. High deductible health plans have annual deductibles of \$1,000 for single individuals and \$2,000 for family coverage. The maximum annual out-of-pocket expenses are \$5,100 for individual coverage and \$10,200 for family coverage.



**ITEMIZED DEDUCTION ITEMS**

Every subject listed below is some type of deduction that could be claimed by an individual taxpayer. This deduction could be in the form of cash or other non-cash items. Mississippi allows the filing of federal itemized deductions for state tax purposes with the exceptions of state income taxes, sales taxes allowed in lieu of state income taxes and gaming losses from Mississippi casinos. These items must be added back to itemized deductions for state tax purposes. Note: "D" denotes that the item is "Deductible" and can be included in the itemized deductions. "ND" denotes that the item is "Not Deductible" and cannot be included in the itemized deductions. You must look to the Schedule A to determine where this item is to be reported.

**-A-**

Abortion expenses - legal .....	D
Acupuncture expenses .....	D
Ad Valorem taxes .....	D
Addiction treatments .....	D
Adoption expenses .....	ND
Alcohol treatment expenses .....	D
Ambulance expenses .....	D
Anesthetist fees .....	D
Artificial limbs & teeth .....	D
Attendant for blind or deaf students .....	D
Attorney's fees .....	ND
Automobile upkeep .....	ND

**-B-**

Bank overdraft fees .....	ND
Beer Taxes .....	ND
Birth Control Pills .....	D
Blood donated .....	ND
Braille books – extra cost of regular cost .....	D
Bribes .....	ND
Burglar alarm system .....	ND
Burial expenses .....	ND

**-C-**

Campaign contributions .....	ND
Campaign expenses .....	ND
Car insurance premiums .....	ND
Carrying charges – interest .....	ND
Casualty losses – car accident .....	D
Casualty losses – car accidents due to willful negligence .....	ND
Casualty losses – earthquakes .....	D
Casualty losses – fires, floods .....	D
Casualty losses – hurricanes, tornadoes .....	D

Casualty losses – pet accidents .....	ND
Casualty losses – storms, shipwrecks .....	D
Casualty losses – thefts, vandalism .....	D
Childbirth class .....	D
Child care .....	ND
Child support .....	ND
Chiropractor fees .....	D
Cigarette taxes .....	ND
Commuting expenses .....	ND
Contact lenses .....	D
Contributions – Boy/Girl Scouts, Boys/Girls Clubs .....	D
Contributions – Civic leagues, chambers of commerce .....	ND
Contributions – clubs – social, country, sports .....	ND
Contributions – governments (for public purpose) .....	D
Contributions – lodges, fraternal orders .....	ND
Contributions – non-profit schools, hospitals, volunteer fire depts. ....	D
Contributions – political groups or candidates .....	ND
Contributions – public parks, recreation facilities .....	D
Contributions – religious organizations .....	D
Contributions – Salvation Army, Red Cross, Goodwill, United Way .....	D
Cosmetic surgery – face lifts, hair transplants, liposuction .....	ND
Cosmetic surgery to improve deformity .....	D
Credit card interest .....	ND
Crutches .....	D

**-D-**

Dance lessons .....	ND
Dental expenses .....	D
Diaper service .....	ND
Doctor fees .....	D
Dogs – guide .....	D
Donations .....	D
Driver's license fees .....	ND
Drugs – across the counter with substantiation .....	D
Drugs – illegal .....	ND
Drugs – prescription .....	D
Dues to professional societies .....	D
Dues to social clubs .....	ND

**-E-**

Educational expenses .....	D
Employment agency fees .....	D
Employment related education .....	D
Estate taxes .....	ND
Exchange student – limit of \$50 per school month .....	D
Eyeglasses expenses .....	D

Eye surgery ..... D

**-F-**

Face lift ..... ND

False teeth ..... D

Federal income taxes ..... ND

FICA taxes ..... ND

Fertility enhancements ..... D

Finance charges – home mortgage ..... D

Fines for law violation ..... ND

Fire damage ..... D

Food ..... ND

Funeral expenses ..... ND

**-G-**

Gaming losses (Mississippi casinos) ..... ND

Gaming losses (non-Mississippi casinos) ..... D

Gasoline taxes ..... ND

Gift taxes ..... ND

Guide Dogs ..... D

Gynecologist fees ..... D

**-H-**

Health club dues ..... ND

Health insurance premiums ..... D

Hearing aids ..... D

Hobby losses to extent of hobby income ..... D

Home insurance ..... ND

Home repairs ..... ND

Hospital expenses ..... D

Hospitalization insurance premiums ..... D

House rent ..... ND

**-I-**

Illegal drugs ..... ND

Illegal operation, treatment, surgery ..... ND

Income tax - federal ..... ND

Income tax - state ..... ND

Inheritance taxes ..... ND

Insurance premiums for medical ..... D

Interest on business loans – only on Schedule C ..... \*

Interest on credit cards ..... ND

Interest on investments – up to net investment income ..... ND

Interest on mortgage ..... D

Interest on personal loan ..... ND

Investment expenses ..... D

IRA fees ..... D

**-J-****-K-**

Kickbacks ..... ND

**-L-**

Labor union dues ..... D  
Laboratory fees ..... D  
Legal expenses, personal ..... ND  
Licenses, business – subject to limitations ..... ND  
Life insurance premiums ..... ND  
Liquor taxes ..... ND  
Lobbying expenses ..... ND  
Long Term Care expenses (with limits) ..... D  
Loss, casualty or theft – limited by insurance reimbursement ..... D  
Lost cash or property ..... ND

**-M-**

Marriage licenses ..... ND  
Maternity clothes ..... ND  
Medical aids ..... D  
Medical expenses ..... D  
Medical insurance premiums ..... D  
Mortgage insurance premiums ..... ND  
Mortgage interest and points ..... D  
Mortgage prepayment penalty ..... D

**-N-**

National Guard Reservist's uniform ..... D  
Nurse's uniforms ..... D  
Nursemaid for children of employed parents ..... ND  
Nursing Home – for medical reasons only ..... D

**-O-**

Optometrist fees ..... D

**-P-**

Penalty payment on taxes ..... ND  
Physician fees ..... D  
Political contributions ..... ND  
Privilege tax ..... ND  
Property tax ..... D  
Prosthetic limbs ..... D  
Psychiatric care ..... D

**-Q-****-R-**

Railroad Retirement taxes .....	ND
Real property tax .....	D
Remedial reading .....	D
Rent, home or apartment .....	ND
Repairs to personal residence .....	ND
Ring lost from owner's finger (casualty loss) .....	ND

**-S-**

Safe deposit box rental (for income producing property) .....	D
Safe deposit box rental (for personal property) .....	ND
Sales tax .....	ND
Self-employment tax .....	ND
Shifting soil damage .....	ND
Small tools & supplies used in work .....	D
Social activities (personal) .....	ND
Social Security taxes .....	ND
Sterilization- legal .....	D
Stop smoking programs .....	D
Subscription to professional journals – subject to limitation .....	D

**-T-**

Tax penalty payments .....	ND
Tax return preparation fee .....	D
Taxes – custom duties .....	ND
Taxes – estate .....	ND
Taxes – federal excise .....	ND
Taxes - foreign .....	D
Taxes – gift .....	ND
Taxes – income – federal .....	ND
Taxes – income – state .....	ND
Taxes – Medicare .....	ND
Taxes – property .....	ND
Taxes – Railroad Retirement .....	ND
Taxes – sales .....	ND
Taxes – social security .....	ND
Taxes – tobacco .....	ND
Teeth Whitening .....	ND
Termite damage or treatment .....	ND
Theft loss .....	D
Tools required in work .....	D
Tornado damage (casualty loss) – subject to insurance .....	D
Transplants .....	D
Transportation for medical care .....	D
Travel (commuting expenses) .....	ND

Tuition ..... ND

**-U-**

Union dues & expenses ..... D

Uniforms, work clothes ..... D

Utilities ..... ND

**-V-**

Vacation ..... ND

Vitamins ..... ND

Vitamins prescribed by doctor ..... D

**-W-**

Weight Loss Program ..... ND

Wheelchair ..... D

Work Clothes, uniforms ..... D

Work Shoes ..... D

**-X-**

X rays ..... D

**-Y-**

**-Z-**